

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 LAB-04 EPG-02 SIL-01 AGRE-00 OMB-01

OIC-02 USIE-00 EURE-00 SSO-00 PA-01 PRS-01 L-03

INRE-00 /086 W

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O 071824Z JUN 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 3729

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USOECD

PASS: CEA FOR CHAIRMAN SCHULTZE; TREASURY FOR SOLOMON;
FRB FOR WALLICH

E.O. 11652: N/A

TAGS: OECD, ECON

SUBJECT: ECONOMIC POLICY COMMITTEE (EPC) MEETING

JUNE 14-15 AND RESTRICTED BUREAU MEETING JUNE 14:

SCENARIO

REF: (A) OECD PARIS 16466; (B) CPE(77)9

(C) OECD PARIS 16453; (D) C(77)60

1. OECD SECRETARIAT HAS GIVEN US THE FOLLOWING SCENARIO
FOR THE EPC MEETING JUNE 14-15 AND FOR THE RESTRICTED
BUREAU MEETING AND DINNER JUNE 14.

EPC MEETING

2. EPC MEETING IS ESSENTIALLY ENVISIONED AS ENCOMPASSING
TWO PHASES. FIRST PHASE, WHICH WOULD PROBABLY LAST ALL
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OF JUNE 14 AND MORNING OF JUNE 15, WILL DEAL WITH SHORT-
TERM POLICIES AND OUTLOOK, TAKING UP ISSUES POSED IN PARA-
GRAPHS 1-29 OF EPC'S MAIN ISSUES PAPER (REFDOC B). SECOND
PHASE, WHICH WOULD TAKE UP AFTERNOON OF JUNE 15, WOULD
DEAL WITH MEDIUM-TERM POLICIES. THE LATTER WOULD TAKE
UP ISSUES POSED IN PARAGRAPHS 30-34 OF REFDOC B AND AS
SUCH DEAL WITH SOME OF THE RECOMMENDATIONS OF THE

MCCRACKEN GROUP (REFDOC D) MENTIONED UNDER PARAGRAPH 32 OF REFDOC B AND WITH THE PROGRAM OF EPC'S WP2 TO DESIGN A REVISED MEDIUM-TERM GROWTH SCENARIO. EPC WILL, TO LARGE EXTENT, SET STAGE FOR MACRO-ECONOMIC POLICY DISCUSSION AT THE JUNE 23-24 MINISTERIAL MEETING AND IN THIS RESPECT, SECRETARIAT'S DRAFT DOCUMENT FOR MINISTERIAL TRANSMITTED REFTEL C IS ALSO RELEVANT. FOR ADDITIONAL COMMENTS ON HOW EPC DISCUSSION WILL RELATE TO MINISTERIAL, SEE PARAGRAPHS 5 AND 6 BELOW (AS WELL AS SEPTTEL ON MINISTERIAL PREPARATION OF ECONOMIC PROSPECTS AND POLICIES).

3. EPC WILL START OUT WITH ELECTION OF ITS OFFICERS AND OF CHAIRMEN OF ITS WORKING GROUPS. WE WOULD EXPECT THAT CEA CHAIRMAN SCHULTZE WILL BE NOMINATED AS VICE CHAIRMAN TO FILL POSITION OCCUPIED BY FORMER CEA CHAIRMAN GREENSPAN. WE ARE TOLD THAT JAPANESE DO NOT WISH TO HAVE ISAMU MIYAZAKI, WHO PRESENTLY OCCUPIES THE OTHER EPC VICE CHAIRMANSHIP, RENOMINATED. IN THIS CIRCUMSTANCE, WE UNDERSTAND THAT SECRETARIAT PLANS TO SUGGEST THAT THIS SECOND VICE CHAIRMANSHIP BE LEFT VACANT FOR THE TIME BEING. WITH REGARD TO WORKING PARTIES, IT WOULD APPEAR THAT THE FIELD IS CLEAR FOR MATSUKAWA TO BE ELECTED AS NEW CHAIRMAN OF WP3, FOR SLATER TO BE RE-ELECTED AS CHAIRMAN OF WP4 AND VAN YPERSELE TO BE RE-ELECTED AS CHAIRMAN OF THE TEMPORARY WORKING PARTY. SITUATION ON CHAIRMANSHIP OF WP2 IS STILL UNCLEAR AND WILL BE SUBJECT OF SEPTTEL. EPC WILL PROBABLY NOT BE ASKED TO ELECT ANY VICE CHAIRMEN FOR THE WORKING PARTIES.

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4. DURING FIRST PHASE OF DISCUSSION, SECRETARIAT IS ASKING U.S. (SCHULTZE) TO LEAD OFF, TO BE FOLLOWED BY JAPAN, GERMANY AND BELGIUM. THESE SPEAKERS SHOULD BE PREPARED TO COVER ALL OF THE GENERAL THEMES AND QUESTIONS RAISED IN PARAGRAPHS 1-29 OF REFDOC B, AND THEN DISCUSS DEVELOPMENTS AND PROSPECTS IN THEIR OWN ECONOMIES IN THE LIGHT OF THE GENERAL THEMES. SECRETARIAT SUGGESTS THAT THE LENGTH OF THE INTERVENTION NOT EXCEED ONE-HALF HOUR. AFTER EACH OF THESE FOUR "PRE-SET" STATEMENTS, CHAIRMAN ALLEN WILL INVITE QUESTIONS AND COMMENTS FROM EPC PARTICIPANTS BEFORE GOING ON TO THE NEXT STATEMENT. IN GENERAL SECRETARIAT IS AGAIN HOPING TO IMPROVE LIVELINESS OF EPC AND TO ENCOURAGE DISCUSSION AND INTERCHANGE ON VARIOUS ISSUES. ON THE MEDIUM-TERM QUESTIONS (PARAGRAPHS 30-34 OF REFDOC B), SECRETARIAT HAS NOT PUT FORWARD ANY SPECIFIC SUGGESTIONS FOR HOW DISCUSSION MIGHT BE SHAPED. U.S. DELEGATION SHOULD COME PREPARED TO MAKE AT LEAST PRELIMINARY COMMENTS ON MCCRACKEN GROUP REPORT. (NOTE: SINCE

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MCCRACKEN REPORT WILL HAVE BEEN RELEASED TO THE PRESS ON
JUNE 10, NEWSMEN IN CORRIDORS CAN BE EXPECTED TO QUERY
CHAIRMAN SCHULTZE AND OTHERS IN U.S. DELEGATION ON U.S.
VIEWS ON THE MCCRACKEN RECOMMENDATIONS.)

RESTRICTED BUREAU MEETING AND DINNER

5. AT RESTRICTED BUREAU (BEGINNING 6:15 P.M. ON JUNE 24),
WE UNDERSTAND THAT MAIN TOPIC OF DISCUSSION WILL BE PREPA-
RATION OF MINISTERIAL MEETING AND, IN PARTICULAR, VIEWS
OF BUREAU MEMBERS ON SECRETARIAT'S PROPOSALS THAT MINI-
STERS SUBSCRIBE TO THESIS THAT SOMEWHAT MORE EXPANSION
IS NEEDED IN THE OECD AREA (EXCLUDING THE U.S.) AND THAT
OECD SHOULD UNDERTAKE A PROCESS WHEREBY INDIVIDUAL COUN-
TRIES' GROWTH AND STABILIZATION TARGETS WOULD BE DETER-
MINED FOR 1978, AND THEN MONITORED. SEC-GEN VAN LENNEP
MAY ALSO WISH TO REVIEW WITH BUREAU MEMBERS NATURE OF
THE REPORT ON THE ECONOMIC SITUATION THAT HE WILL GIVE
TO THE MINISTERS.

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6. AFTER INITIAL DISCUSSION OF MINISTERIAL PREPARATIONS
IN THE RESTRICTED BUREAU, WE UNDERSTAND THAT SEC-GEN
VAN LENNEP WILL INVITE REPRESENTATIVES OF ALL EPC MEM-
BERS TO LUNCH ON JUNE 15, AT WHICH OPPORTUNITY WOULD BE
GIVEN FOR ENTIRE EPC MEMBERSHIP TO EXCHANGE VIEWS ON THE
MINISTERIAL PREPARATIONS.

KATZ

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